

Why is College so Expensive?

Introduction / Goals

It’s a common saying among the U.S. population that college is becoming more expensive and a simple solution would be to compare the historical tuition prices charged at these universities. However, this analysis fails to determine the “true” cost of tuition once fees and scholarships are considered. This research aims to understand the following:

- Has college become more expensive since the 1990s?
- Is every population group equally affected by this change in pricing?
- What revenue and expense accounts have caused this change?

Methods

- Interviews were conducted with two state legislators and a senior personnel at Iowa State University/former Board of Regents member.
- Financial statements for the years 1990-2018 were collected from public university websites and public records requests.
- An analysis of the collected data was performed to determine the most influential trends.

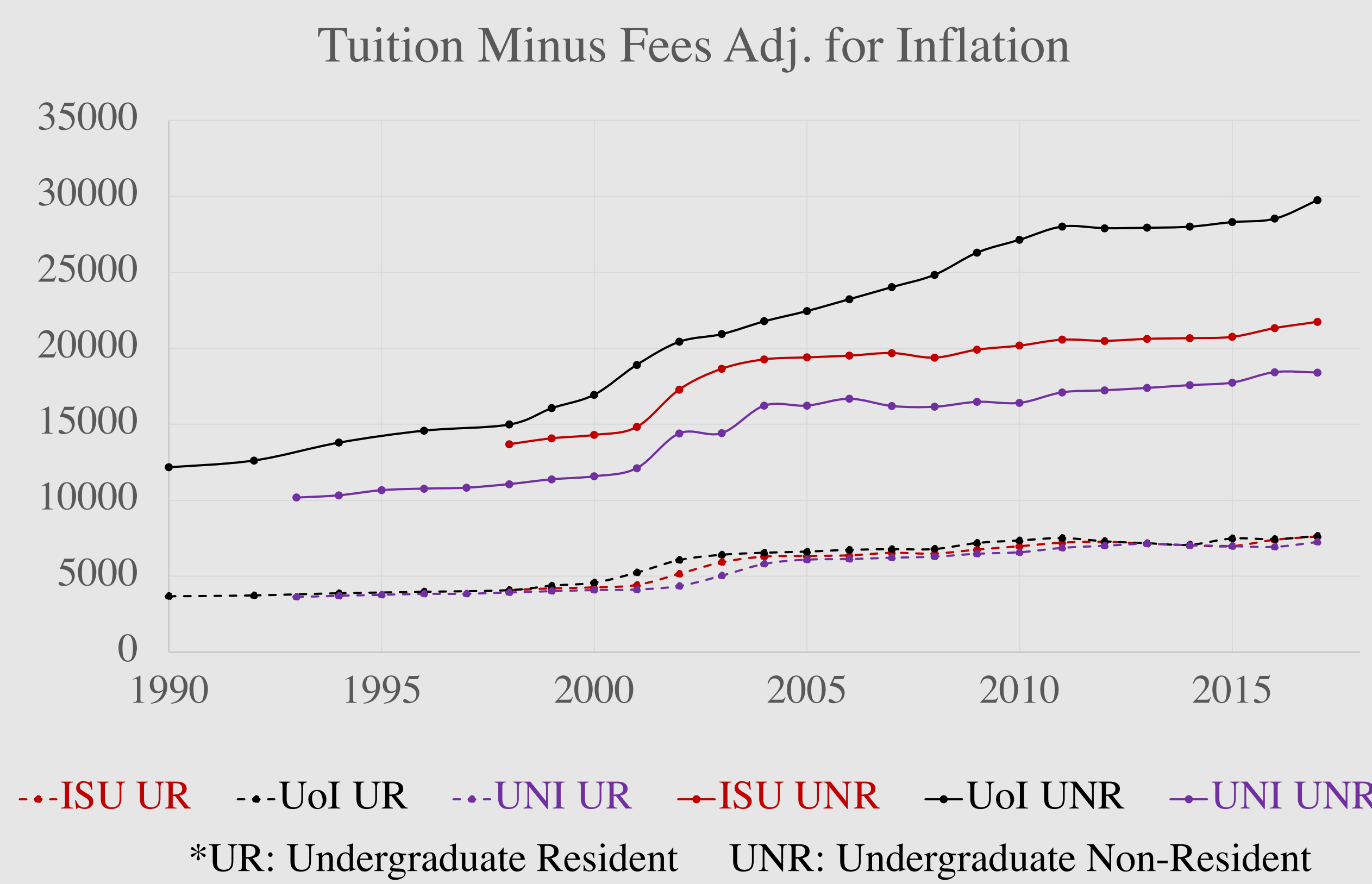
Conclusion

State funding has decreased at a drastic rate which is affecting non-residents and middle-class residents of Iowa the most. While the “true“ cost of tuition is remaining in check for low-income students through increased need-based aid and the average loan amount has decreased in the short-term, the value of educational services provided has been decreasing through the lessening of spending in other areas such as instructor compensation. This increased tuition pricing model for non-residents is only viable until in-state tuition in other states such as Illinois decreases and/or until our instructor procurement and retention rates, due to funding already below our peer institutions, causes our national rankings to drop below acceptable levels. If state funding continues to decrease as it has in the past, non-resident tuition increases and instructor pay stagnation will not be enough for these institutions to be income neutral; we will instead see rapid increases in tuition which will pose the most risk to middle-income residents who receive little financial assistance.

Results

College Has Become More Expensive

The reported price for Iowa public universities continues to rise. When adjusted for fees and increased scholarship funding, the average student is paying a few hundred to tens of thousands more in tuition alone.

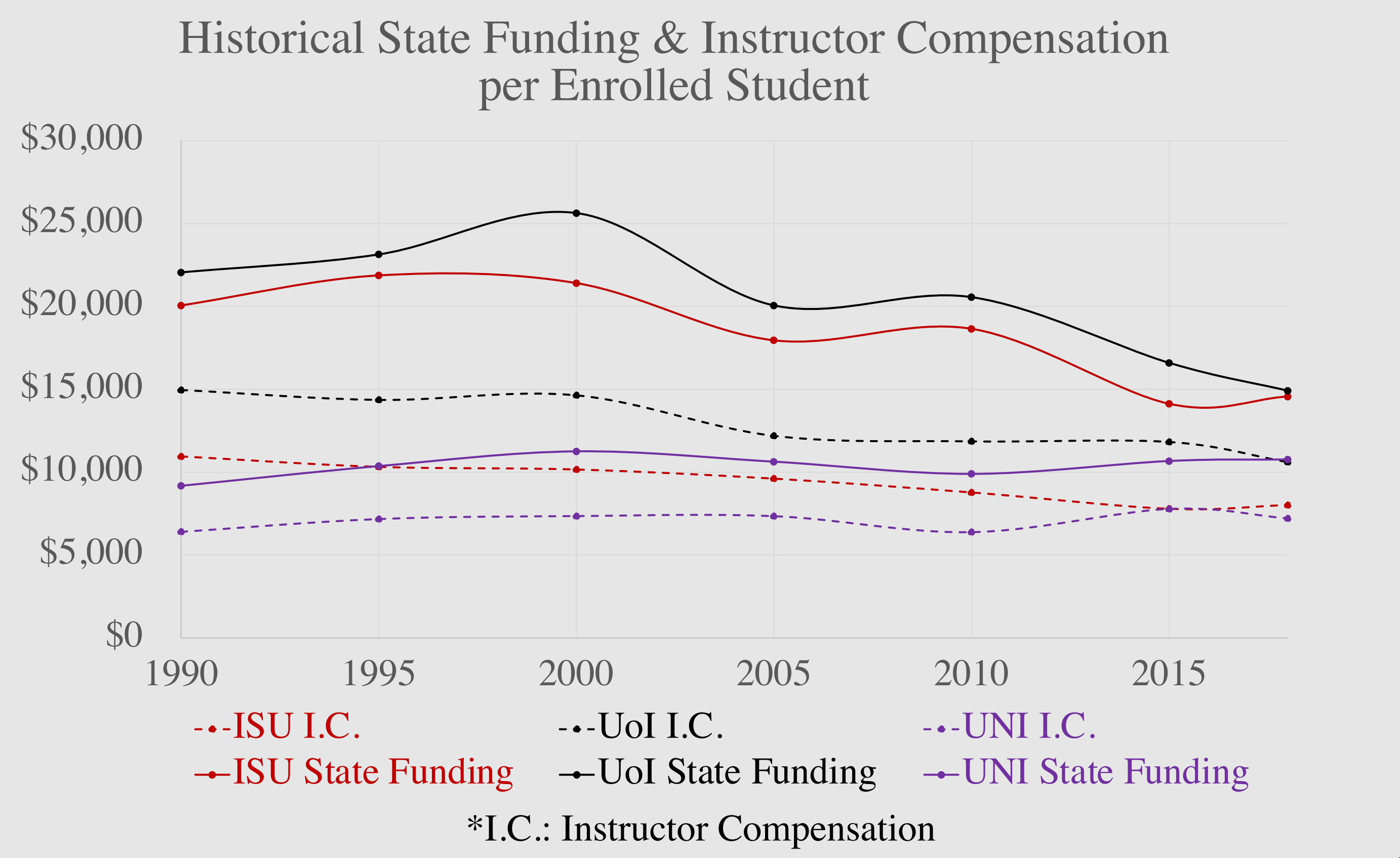
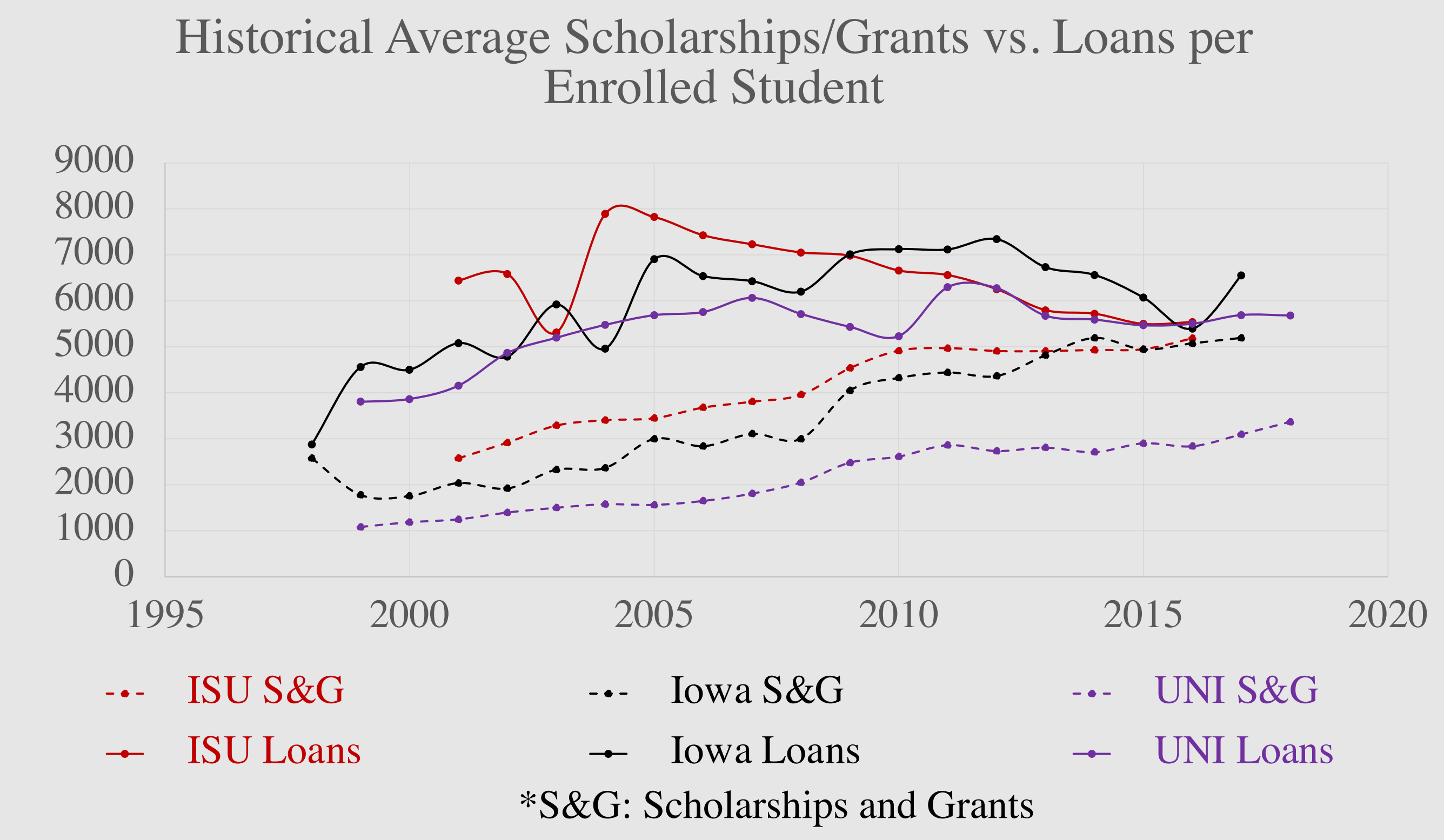


State Funding and Instructor Compensation Have Decreased

State funding has decreased significantly which has caused the universities to increase non-resident tuition and decrease instructor compensation. Both of these accounts have been adjusted based on the Higher Education Price Index.

Non-Residents and Middle-Class Students are Most Affected

The actual cost to students with financial need has decreased over time while those most affected are non-residents due to higher tuition prices and middle class students with less financial need and less available funds.



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